

(4) In contingency situations, such as a power outage, we may accept bids by other means, provided, that in all cases the bids are submitted prior to the relevant bidding deadline by an established Legacy Treasury Direct account holder.

[69 FR 45202, July 28, 2004, as amended at 70 FR 57440, Sept. 30, 2005]

§ 356.12 What are the different types of bids and do they have specific requirements or restrictions?

(a) *General.* All bids must state the par amount of securities bid for and must equal or exceed the minimum to bid amount stated in the auction announcement. Bids in larger amounts must be in the multiple stated in the auction announcement.

(b) *Noncompetitive bids*—(1) *Maximum bid.* You may not bid noncompetitively for more than \$5 million. The maximum bid limitation does not apply if you are bidding solely through either a TreasuryDirect® or a Legacy Treasury Direct® reinvestment request. A request for reinvestment of securities maturing in either TreasuryDirect or Legacy Treasury Direct is a non-competitive bid.

(2) *Additional restrictions.* You may not bid noncompetitively in an auction in which you are bidding competitively. You may not bid noncompetitively if, in the security being auctioned, you hold a position in when-issued trading or in futures or forward contracts at any time between the date of the auction announcement and the time we announce the auction results. During this same timeframe, a non-competitive bidder may not enter into any agreement to purchase or sell or otherwise dispose of the securities it is acquiring in the auction. For this paragraph, futures contracts include those:

- (i) That require delivery of the specific security being auctioned;
- (ii) For which the security being auctioned is one of several securities that may be delivered; or
- (iii) That are cash-settled.

(c) *Competitive bids*—(1) *Bid format*—(i) *Treasury bills.* A competitive bid must show the discount rate bid, expressed with three decimals in .005 increments. The third decimal must be either a zero or a five, for example, 5.320 or 5.325. We

will treat any missing decimals as zero, for example, a bid of 5.32 will be treated as 5.320. The rate bid may be a positive number or zero.

(ii) *Treasury non-indexed securities.* A competitive bid must show the yield bid, expressed with three decimals, for example, 4.170. We will treat any missing decimals as zero, for example, a bid of 4.1 will be treated as 4.100. The yield bid may be a positive number or zero.

(iii) *Treasury inflation-protected securities.* A competitive bid must show the real yield bid, expressed with three decimals, for example, 3.070. We will treat any missing decimals as zero, for example, a bid of 3 will be treated as 3.000. The real yield may be a positive number, a negative number, or zero.

(iv) *Treasury floating rate notes.* A competitive bid must show the discount margin bid, expressed as a percentage with three decimals, for example, 0.290 percent. We will treat any missing decimals as zero, for example, a bid of 0.29 will be treated as 0.290. The discount margin bid may be positive, negative, or zero.

(2) *Maximum recognized bid.* There is no limit on the maximum dollar amount that you may bid for competitively, either at a single yield, discount rate, or discount margin, or at different yields, discount rates, or discount margins. However, a competitive bid at a single yield, discount rate, or discount margin that exceeds 35 percent of the offering amount will be reduced to that amount. For example, if the offering amount is \$10 billion, the maximum bid amount we will recognize at any one yield, discount rate, or discount margin from any bidder is \$3.5 billion. (See § 356.22 for award limitations.)

(3) *Additional restrictions.* You may not bid competitively in an auction in which you are bidding noncompetitively. You may not bid competitively for securities to be bought through either TreasuryDirect or Legacy Treasury Direct.

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